

FERC TECHNICAL CONFERENCE -- OCTOBER 20, 2003

JOINT SEAMS RESOLUTION PROCESS MODEL

RESOLVING INTERREGIONAL SEAMS

This model presents an approach designed to resolve seams issues that inhibit a larger competitive market by a timely, coordinated process. It requires the direct involvement of the Boards of Directors of the ISOs such that solutions are developed and filed with the FERC within a defined time. The objective of this process is to develop and have the FERC accept a Joint Seams Resolution (“JSR”) plan that each ISO is committed to implement.

1. The process is subject to the oversight of a Joint Committee of the respective ISO Boards. The respective Boards of Directors would establish a Steering Committee to work with Staff, State Regulators, and Market Participants (all hereinafter “Participants”) to resolve identified seams issues through the development and implementation of a JSR plan. The JSR Steering Committee (the “Committee”) would consist of the Chief Executive Officer of each participating ISO and three representatives from each of their ISOs Boards.
2. The process must have milestones and deadlines. The Committee would attend plenary sessions and would be responsible, after consultation with Participants, to
 - i) set a specific seams agenda limited to two or three discrete seams issues of high priority;
 - ii) set a time frame for Participants to address the issues in a consultative process;
 - iii) set a deadline for Participants submission of a consensus proposal, if any, or alternative proposals to the Committee for review;
 - iv) review Participants’ proposals and make a recommendation to each ISO Board for adoption of a specific seams resolution proposal; and
 - v) establish a deadline for each ISO, individually or jointly, to file its preferred seams resolution proposals with the FERC for a final determination.
3. The process must utilize the existing committees of the respective ISOs. Additional meetings are not necessary; to gain official acceptance and buy-in by Participants existing committees must be utilized. Seams issues and their resolution would be an agenda item for a regularly scheduled joint meeting of the relevant committees or working groups.
4. The Boards would be obligated to file, jointly or severally, with FERC a proposal that has been subject to the process noted above. Prior to filing, the Boards would seek authorization within their respective governance arrangements. If the JSR plan were not approved, the Boards would still have an obligation to file. The Boards would endeavor to assure that the filing would be a joint filing by the ISOs. If, however, the ISOs do not agree on specific parts of a proposal, they would be obligated nonetheless to file their separate positions and seek a FERC ruling on any competing positions.

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BENEFITS

The strengths of this Joint Process Model are:

1. Demonstrable and measurable commitment at the highest level of each ISO
2. Supervision and accountability, again at the highest levels: Joint ISO Board Steering Committee, Top Level Participant Committees, State Regulator Participation
3. Specific time frames within which results will be had
4. Narrow enough focus to be realistic
5. Provides for active State Regulator, Market Participant, ISO Board and ISO staff involvement in creating solutions
6. Provides for all interested parties to meet together
7. Minimizes Participants' time and use of resources by using existing ISO Committees
8. All meetings and actions are official actions of the respective ISOs.
9. By utilizing existing ISO Committees, the process allows for manageable groups of representative Participants to meet to "hammer" out details
10. Definitive outcome with an actual FERC filing of market rules changes

As such, the proponents of this approach believe that it is responsive to the FERC's directive that ISOs must actively pursue interregional coordination to minimize the creation of seams that act as barriers to trade among regions.

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